

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the matter of

Madison River Telephone Company, LLC.
Tariff FCC No. 1

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Transmittal No. 9

ORDER

Adopted: October 8, 2002

Released: October 8, 2002

By the Chief, Pricing Policy Division:

I. INTRODUCTION

1. Pursuant to section 204(a)(3) of the Communications Act of 1934, as amended,¹ Madison River Telephone Company, LLC. (Madison River), filed Transmittal No. 9 on September 24, 2002, revising certain provisions of its interstate access Tariff FCC No. 1, to become effective October 9, 2002.² Madison River's tariff revisions would increase the traffic sensitive switched and special access recurring rate elements in its interstate access tariff. In this filing, Madison River is increasing the uncollectible portion of the traffic sensitive test period revenue requirement in its 2002 Annual Access Tariff filing by approximately \$424,000.³ Madison River's reason for this increase is that three recent bankruptcies indicate that increased uncollectibles will be realized in the future. Madison River states that "[a]bsent the rate adjustments reflected in this filing, each of the Company's return on investment will be less than the cost of capital and will produce a disincentive toward investment in telecommunications infrastructure."⁴

2. On October 1, 2002, AT&T Corp. (AT&T) filed a petition to reject or suspend and investigate Madison River's tariff.⁵ On October 4, 2002, Madison River filed its reply.⁶ In

¹ 47 U.S.C. § 204(a)(3).

² The affiliated carriers for which the tariff is filed are Gallatin River Communications, LLC., and Gulf Telephone Company.

³ Madison River Telephone Company, LLC., Tariff FCC No. 1, Transmittal No. 9, Description and Justification at attachment titled "Carrier Bad Debt Reserve" (filed Sept. 24, 2002).

⁴ *Id.* at 2.

⁵ Madison River Telephone Company, Inc., Tariff FCC No. 1, Transmittal No. 9, AT&T Petition to Reject or Suspend and Investigate (Oct. 1, 2002) (*AT&T Petition*).

this order we grant the petition so far as it asks us to suspend and investigate the Madison River tariff, and we suspend for five months and set for investigation Madison River's revisions to its interstate access Tariff FCC No. 1.

II. DISCUSSION

3. We find that AT&T raises substantial questions regarding the lawfulness of Madison River's tariff revisions that require further investigation. AT&T asserts that Madison River has not justified an increase in uncollectibles by any rationally anticipated risk of uncollectible revenue from access customers.⁷ AT&T further asserts that Madison River receives sufficient protection from the risks of nonpayment by access customers because its existing access tariff permits Madison River to demand security deposits from customers with "a proven history of late payments" or with no "established credit."⁸ Finally, AT&T asserts that Madison River has not shown that its proposed increase (or, indeed, any increase) to its interstate revenue requirement is necessary to provide Madison River with its allowed rate of return, noting that it has a history of exceeding its established rate of return.⁹ For these reasons, we conclude that substantial questions regarding the lawfulness of Madison River's FCC Tariff No. 1, Transmittal No. 9, exist that require further investigation, and we suspend Transmittal No. 9 for five months. The specific issues that will be the subject of the investigation will be identified in an upcoming designation order and may include, but not be limited to, the issues identified in this paragraph. We may also, by order, identify discrete issues that do not warrant further investigation.

III. EX PARTE REQUIREMENTS

4. This investigation is a permit-but-disclose proceeding and is subject to the requirements of section 1.1206(b) of the Commission's rules, 47 C.F.R. § 1.1206(b), as revised. Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentations must contain a summary of the substance of the presentation and not merely a listing of the subjects discussed. More than a one- or two-sentence description of the views and arguments presented is generally required.¹⁰ Other rules pertaining to oral and written presentations are also set forth in section 1.1206(b).

IV. ORDERING CLAUSES

5. ACCORDINGLY, IT IS ORDERED that, pursuant to section 204(a) of the Communications Act of 1934, as amended,¹¹ and through the authority delegated pursuant to

(...continued from previous page)

⁶ Madison River Telephone Company, LLC., Tariff FCC No. 1, Transmittal No. 9, Reply of Madison River Telephone Company, LLC. (Oct. 4, 2002).

⁷ *AT&T Petition* at 2.

⁸ *Id.* at 5.

⁹ *See AT&T Petition* at 1.

¹⁰ *See* 47 C.F.R. §1.1206(b)(2), as revised.

¹¹ *See* 47 U.S.C. § 204(a).

sections 0.91 and 0.291 of the Commission's rules,¹² Tariff FCC No. 1, Transmittal No. 9 of Madison River Telephone Company, LLC., IS SUSPENDED for five months and an investigation IS INSTITUTED.

6. IT IS FURTHER ORDERED that Madison River Telephone Company, LLC. SHALL FILE a supplement within five business days from the release date of this order reflecting the suspension. The Madison River Telephone Company, LLC., should cite the "DA" number on the instant order as the authority for the filing.

7. IT IS FURTHER ORDERED that the petition to reject or suspend and investigate filed by AT&T Corp. IS GRANTED to the extent indicated herein and otherwise IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Tamara L. Preiss
Chief, Pricing Policy Division
Wireline Competition Bureau

¹² See 47 C.F.R. §§ 0.91 and 0.291.